

SUMMARY ANALYSIS OF AMENDED BILL

Franchise Tax Board

Author: Torrico Analyst: Deborah Barrett Bill Number: AB 2518
Related Bills: See Prior Analysis Telephone: 845-4301 Amended Date: August 4, 2008
Attorney: Patrick Kusiak Sponsor: _____

SUBJECT: California Cancer Research Fund

- ☒ DEPARTMENT AMENDMENTS ACCEPTED. Amendments reflect suggestions of previous analysis of bill as amended July 10, 2008.
- ☐ AMENDMENTS IMPACT REVENUE. A new revenue estimate is provided.
- ☐ AMENDMENTS DID NOT RESOLVE THE DEPARTMENTS CONCERNS stated in the previous analysis of bill as introduced/amended _____.
- ☐ FURTHER AMENDMENTS NECESSARY.
- ☐ DEPARTMENT POSITION CHANGED TO _____.
- ☒ REMAINDER OF PREVIOUS ANALYSIS OF BILL AS AMENDED July 10, 2008, STILL APPLIES.
- ☐ OTHER – See comments below.

SUMMARY

This bill would create the California Cancer Research Fund and add it to the personal income tax (PIT) return as a voluntary contribution fund.

SUMMARY OF AMENDMENTS

The August 4, 2008, amendments would require Franchise Tax Board (FTB) to notify the Regents of the University of California of amounts required to be contributed to remain on the tax return beginning on September 1 of the second calendar year. The August 4, 2008, amendments resolved the "Technical Consideration" and "Implementation Consideration" identified in the department's analysis of the bill as amended July 10, 2008. The "This Bill" discussion is revised. The remainder of the department's analysis of the bill as amended July 10, 2008, still applies.

POSITION

Pending.

Board Position:

☐ S ☐ NA ☐ NP
☐ SA ☐ O ☐ NAR
☐ N ☐ OUA ☒ PENDING

Asst. Legislative Director

Date

Patrice Gau-Johnson

8/12/08

THIS BILL

This bill would create the California Cancer Research Fund (Fund) and add it to the PIT return as a voluntary contribution fund. Taxpayers would be able to designate a contribution in excess of the tax liability, if any, to the Fund on their PIT return in full dollar amounts of \$1 or more. Each signatory on a joint return may make the contributions individually.

The designations for any taxable year must be made on the individual's return for the taxable year and, once made, are irrevocable. A deduction, subject to the itemized deduction rules applicable to individuals, would be allowed for a contribution made pursuant to this bill.

The contributions to the Fund allocated to cancer research centers or registries would be used to conduct research on cancer detection, treatment, and prevention.

This bill would specify that if the taxpayer's payments and credits reported on the PIT return fail to exceed the tax liability, the designation on the return would be treated as if no designation has been made.

This bill would require FTB to revise the tax return to include a designation space for the Fund beginning with the first taxable year another voluntary contribution fund is removed. It is assumed the Fund would be first placed on the PIT return for the 2008 taxable year. The remainder of the "This Bill" discussion reflects this assumption.

Beginning with contributions made in the second calendar year following the year the Fund appears on the return, this bill would require the Fund to meet a minimum contribution amount for each calendar year thereafter. The "minimum contribution amount" for a calendar year is defined as \$250,000 for the first applicable calendar year or an amount indexed for inflation for subsequent calendar years. The law authorizing designations to this fund would be repealed if contributions made under this bill fail to meet the minimum contribution amount for a calendar year. Otherwise, this bill would allow the voluntary contribution designation to remain on the tax return for five years, unless a later enacted statute deletes or extends that date.

If the Fund first appeared on the PIT return for the 2008 taxable year, it would remain on the PIT return until January 1, 2013, in this case, the 2012 PIT return, unless a later enacted statute deletes or extends that date.

This bill would require FTB to do the following in the second calendar year and each subsequent calendar year that the Fund appears on the tax return:

- Determine the minimum contribution amount, as indexed for inflation, for the next calendar year.
- Notify the Regents of the University of California in writing of the minimum contribution amount required for the next calendar year.
- Determine if the amount of contributions estimated to be received during the current calendar year will equal or exceed the minimum contribution amount required for that calendar year.

FTB would be required to notify the State Controller of both the amount of money paid by taxpayers in excess of their tax liability and the amount of refund money they have contributed to the Fund.

This bill would require the State Controller to transfer money designated for this fund by taxpayers from the Personal Income Tax Fund to the Fund. Upon appropriation by the Legislature, the monies from this fund would be allocated as follows:

1. FTB and the Controller for reimbursement of costs incurred in administering the fund.
2. The Regents of the University of California for grants for the purposes of conducting cancer research expanding education and providing prevention and awareness activities and would allow for administrative costs incurred by the Regents to administer the grants to be reimbursed from the fund.

LEGISLATIVE STAFF CONTACT

Legislative Analyst
Deborah Barrett
(916) 845-4301
Deborah.barrett@ftb.ca.gov

Revenue Manager
Rebecca Schlussler
(916) 845-5986
rebecca.schlussler@ftb.ca.gov

Asst. Legislative Director
Patrice Gau-Johnson
(916) 845-5521
Patrice.Gau-johnson@ftb.ca.gov